

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 TRSE-00 OMB-01 CCO-00

OTPE-00 FCC-01 OC-05 USIA-06 BIB-01 EUR-12 NSC-05

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EO 11652 NA

TAGS: ETEL OVIP VE

SUBJ: VISIT OF JOHN EGER, ACTING DIRECTOR/OFFICE OF  
TELECOMMUNICATIONS POLICY/EXECUTIVE OFFICE OF  
THE PRESIDENT

REF: STATE 2588, 7947, CARACAS 246, 321

1. SUMMARY - HIGHLY SUCCESSFUL VISIT OF EGER AND PARTY NOT  
ONLY PROVIDED VALUABLE EXCHANGE OF VIEWS WITH MINISTER OF  
COMMUNICATIONS AND TOP GOV POLICY MAKERS IN FIELD OF BOTH DOMESTIC  
AND INTERNATIONAL TELECOMMUNICATIONS, BUT ALSO BROUGHT TO  
SURFACE SERIOUS CONCERN OF GOV WITH REGARD TO PENDING US  
FEDERAL COMMUNICATIONS COMMISSION DECISION ON NUMBER OF  
CHANNELS WHICH WILL BE MADE AVAILABLE TO VENEZUELA ON  
ST THOMAS - FLORIDA SUBMARINE CABLE. VENEZUELAN CONSTRUCTION  
OF SECOND VENEZUELA - ST THOMAS CABLE IS PREDICATED ON  
FAVORABLE FCC DECISION BY MAR 1, 1976. FURTHER, A DRAFT  
CONTRACT FOR TECHNICAL SERVICES TO BE PROVIDED BY US  
FEDERAL AVIATION ADMINISTRATION IS PENDING APPROVAL BY  
MINISTER OF COMMUNICATIONS, WHO MAY BE UNABLE TO SEPARATE  
THESE TWO DISTINCT AND SEPARATE ISSUES. IN SHORT,  
MINISTER'S APPROVAL OF FAA CONTRACT WHICH WOULD ENHANCE  
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US OPPORTUNITY TO SUPPLY HARDWARE AND TECHNICAL SERVICES

IN VENEZUELA'S MULTI-MILLION DOLLAR AIRWAYS EXPANSION PROGRAM COULD BE JEOPARDIZED BY HIS IMPRESSION THAT THE FCC IS NOT RESPONDING QUICKLY AND POSITIVELY TO THE GOV CABLE APPLICATION. END SUMMARY.

2. EGER'S PARTY WAS RECEIVED BY MINISTER OF COMMUNICATIONS FOR WHAT BEGAN AS A SHORT DISCUSSION OF INTERNATIONAL TELECOMMUNICATIONS POLICIES AND EVENTS BUT VERY QUICKLY CHANGED TO VENEZUELA'S PROBLEMS WITH SUBMARINE CABLES AND FCC'S PURPORTEDLY SLOW RESPONSE IN GRANTING APPROVALS. ATTEMPT TO DISCUSS MARITIME SATELLITE (MARISAT) WITH MINISTER WAS UNRUITFUL BECAUSE HE APPEARED TO LACK MORE THAN CURSORY KNOWLEDGE OF SUBJECT.

3. IN EARLIER SESSION WITH VICE MINISTER AND ELEMENTS OF MINISTRY AND CANTV TECHNICAL AND MANAGERIAL STAFF, EGER'S PARTY WAS GIVEN BRIEFING ON PLANNED REORGANIZATION OF MINISTRY OF COMMUNICATIONS INTO MINISTRY OF COMMUNICATIONS AND TRANSPORTATION WITH VICE MINISTER TO HEAD EACH SIDE OF THE HOUSE. UNDER REORGANIZATION SCHEME, ONE VICE-MINISTER WOULD SUPERVISE DIRECTORATES OF CIVIL AVIATION, MARITIME AFFAIRS, AND OTHER TRANSPORTATION ELEMENTS, WHILE OTHER VICE-MINISTER WOULD SUPERVISE AND ATTEMPT TO INTEGRATE POSTAL, INTERNATIONAL TELECOMMUNICATIONS, DOMESTIC TELEGRAPH AND TELEPHONE FUNCTION.

4. MOST DETAILED DISCUSSIONS TOOK PLACE WITH CANTV EXECUTIVES, PRINCIPALLY, THOR HALVERSSON, ACTING PRESIDENT, AND JACOB APELI, DIRECTOR OF INTERNATIONAL OPERATIONS AND CANTV PLANNING CZAR FOR ALL ACTIVITIES. APELI PROBABLY HAS GREATER INFLUENCE ON GOV TELECOMUNNICATIONS POLICY FROM BOTH TECHNICAL AS WELL AS MANAGERIAL STANDPOINT THAN ANY OTHER SINGLE INDIVIDUAL IN CANTV.

5. CANTV OFFICIALS EXPLAINED THAT THEY HAVE SIGNED A CONTRACT, PENDING FCC FAVORABLE DECISION, WITH WESTINGHOUSE AND AT&T TO LAY A SECOND CABLE FROM VENEZUELA TO ST THOMAS TO HANDLE THEIR EVER INCREASING TRAFFIC WITH THE US. IN ORDER TO BE VIABLE THE NEW CABLE MUST HAVE ACCESS TO SUFFICIENT NUMBER OF CHANNNELS IN THE LIMITED OFFICIAL USE

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SECOND ST THOMAS - FLORIDA CABLE. THE GOV HOPES FOR A MAR 1, 1976 FCC APPROVAL REGARDING CHANNELS IN THE SECOND ST THOMAS - FLORIDA CABLE IN ORDER TO ASSURE THAT THE NEW VENEZUELA - ST THOMAS CABLE WILL BE OPERABLE BY LATE 1977. CANTV OFFICIALS CLAIM THAT WHEN THE FIRST VENEZUELA-ST THOMAS CABLE WAS LAID, FCC RENEGED ON THE NUMBER OF CHANNELS PROMISED VENEZUELA ON THE FIRST ST THOMAS-FLORIDA CABLE. THIS ACTION HAS GENERATED CONSIDERABLE LOCAL LACK

OF CONFIDENCE IN FCC ACTIONS WHICH VENEZUELAN OFFICIALS  
CONSIDER HIGHLY ARBITRARY.

6. VENEZUELAN OFFICIALS AT ALL LEVELS MADE IT ABUNDANTLY  
CLEAR THAT THEIR DECISION TO LAY THE COLOMBUS I CABLE  
(VENEZUELA-LAS PALMAS-SPAIN) WAS MADE BECAUSE  
OF LACK OF CONFIDENCE IN FCC DECISIONS. GOV OFFICIALS  
AVOIDED THE ALTERNATE CABLE ROUTE THRU THE ST THOMAS  
DISTRIBUTION POINT BECAUSE IT WOULD SUBJECT THEM TO FCC  
REGULATIONS AND APPROVALS.

7. THE GENERAL INTERNATIONAL COMMUNICATIONS SITUATION  
IS AGGRAVATED FOR VENEZUELA BECAUSE ITS MESSAGE TRAFFIC,  
ESPECIALLY WITH THE US, IS INCREASING AT UNPRECEDENTED  
RATES AND WILL SOON SATURATE EXISTING FACILITIES, BOTH  
CABLE AND SATELLITE. VENEZUELAN OFFICIALS MANIFESTED  
RESENTMENT AND AT TIMES RANCOR AT BEING TIED TO CABLE-  
SATELLITE CHANNEL RATIOS OVER WHICH THEY HAVE NO CONTROL.  
ADDITIONALLY, THEY FEEL THAT FCC HAS FAVORED SATELLITE  
DEVELOPMENT OVER CABLE DEVELOPMENT AND, WHILE VENEZUELA  
DESIRES THE DUALITY OF SYSTEMS, IT WOULD APPRECIATE  
GREATER FREEDOM IN ESTABLISHING ITS OWN PRIORITIES WITH  
REGARD TO CABLE-SATELLITE RATIOS.

8. THE FCC'S ALLEGED LACK OF RESPONSIVENESS TO VENEZUELA'S  
APPLICATION FOR CHANNELS IN THE SECOND ST THOMAS-  
FLORIDA CABLE MAY BE JEOPARDIZING FAVORABLE CONSIDERATION BY  
THE MINISTER OF COMMUNICATIONS OF A CONTRACT WITH THE  
FAA FOR TECHNICAL SERVICES TO BE PROVIDED THE MINISTRY  
IN CONNECTION WITH THE EXECUTION OF THE GOV'S AIRWAYS  
EXPANSION AND MODERNIZATION PROGRAM. THIS CONTRACT HAS  
NOW BEEN BEFORE THE MINISTER AWAITING SIGNATURE FOR MORE  
THAN A MONTH. WE ARE INFORMED UNOFFICIALLY BY LESSER  
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FUNCTIONARIES OF THE MINISTRY THAT WHILE THE MINISTER  
HAS VERBALLY APPROVED THE CONTRACT, NO SIGNATURE IS  
FORTHCOMING. WE FEAR THAT THE MINISTER, WHO IS UNDER  
PRESSURE FROM OTHER PARTS OF HIS OWN GOVT TO ACCEPT  
A TECHNICAL SERVICES CONTRACT WITH A FRENCH ENTITY,  
MAY REJECT THE FAA OFFER BECAUSE OF DISSATISFACTION WITH  
THE FCC. VENEZUELAN OFFICIALS HAVE A PROCLIVITY FOR  
RELATING COMPLETELY UNRELATED ISSUES WHEN THEY BOTH STEM  
FROM THE SAME FOREIGN GOVT.

9. RECENT FRENCH OVERTURES DESIGNED TO PENETRATE THE  
FIELD OF CIVIL AERONAUTICS IN VENEZUELA INCLUDE THE  
CEREMONIAL APPOINTMENT OF THE DIRECTOR GENERAL OF CIVIL  
AERONAUTICS BY THE FRENCH AMBASSADOR TO BE CHAIRMAN OF AN  
AVIATION SEMINAR TO BE HELD IN CONNECTION WITH THE

FRENCH EXHIBITION SCHEDULED FOR FEB 12(REF CARACAS 321).

10. THE AWARD OF A TECHNICAL SERVICES CONTRACT TO FAA  
WOULD ENHANCE US SUPPLIER EFFORTS IN PROVIDING  
BOTH HARDWARE AND ADDITIONAL TECHNICAL SERVICES IN SUPPORT  
OF VENEZUELA'S AIRWAYS EXPANSION AND DEVELOPMENT PROGRAM.  
TOTAL COST OF THE PROGRAM COULD AMOUNT TO SOME \$300  
MILLION DOLLARS IN THE NEXT THREE TO FOUR YEARS.  
SHLAUDEMAM

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## Message Attributes

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**Channel Indicators:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 06 FEB 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
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